

WILSON, RYAN & CAMPILONGO
235 Montgomery Street, Suite 450
San Francisco, California 94104

1 Andrew H. Wilson
WILSON, RYAN & CAMPILONGO
2 235 Montgomery Street
Suite 450
3 San Francisco, California 94104
(415) 391-3900

4 Laurie J. Bartilson
5 BOWLES & MOXON
6255 Sunset Boulevard
6 Suite 2000
Hollywood, California 90028
7 (213) 661-4030

8 Attorneys for Plaintiff
CHURCH OF SCIENTOLOGY INTERNATIONAL

RECEIVED
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HUB LAW OFFICES

10 SUPERIOR COURT OF THE STATE OF CALIFORNIA

11 FOR THE COUNTY OF MARIN

12	CHURCH OF SCIENTOLOGY)	Case No. 152229
13	INTERNATIONAL, a California)	
13	not-for-profit religious)	DECLARATION OF ANDREW
14	corporation;)	H. WILSON IN OPPOSITION
14)	TO APPLICATION OF
15	Plaintiff,)	DEFENDANT GERALD ARMSTRONG
15)	FOR STAY OF PROCEEDINGS
16	vs.)	
16)	
17	GERALD ARMSTRONG; DOES 1)	
17	through 25, inclusive,)	
18)	
18	Defendants.)	

19
20 ANDREW H. WILSON deposes and says:

21 1. My name is Andrew H. Wilson and I am one of the attorneys
22 responsible for the representation of the Plaintiff in this action.
23 I have personal knowledge of the facts set forth in this Declaration
24 and could competently testify thereto if called as a witness.

25 2. This action was brought on behalf of Plaintiff, Church of
26 Scientology International, a California not-for-profit religious
27 corporation ("CSI") to set aside fraudulent transfers made by
28 Defendants Gerald Armstrong and the Gerald Armstrong Corporation

1 ("TGAC") to Defendant Michael Walton and others as yet unknown. CSI
2 has currently pending two actions in the Superior Court for the
3 County of Los Angeles (Action Nos. BC 052395 and BC 084642) against
4 Gerald Armstrong for breach of a settlement agreement entered into
5 between CSI and Armstrong in December of 1986 (the "Settlement
6 Agreement"). Pursuant to the Settlement Agreement, Armstrong was
7 paid approximately \$800,000.

8 3. On May 27, 1992, the Honorable Ronald Sohigian of the Los
9 Angeles County Superior Court entered a preliminary injunction
10 against Armstrong, finding that CSI was likely to prevail on its
11 claims and rejecting various arguments made by Armstrong that the
12 settlement agreement was unenforceable. A true and correct copy of
13 this preliminary injunction is attached hereto and incorporated
14 herein by reference as Exhibit A.

15 4. Discovery in Action No. BC 052395 revealed that, in 1990,
16 Armstrong had transferred virtually all of his assets without
17 consideration to various persons, including the transfer, without
18 consideration, of real property located at 707 Fawn Drive, San
19 Anselmo, California, to his attorney, Defendant Michael Walton.

20 5. As a result of this discovery, this action was filed on
21 July 23, 1993. It was served on Gerald Armstrong and TGAC on July
22 30, 1993 and on Michael Walton on August 1, 1993. On August 29,
23 Armstrong and TGAC procured an order extending their time to answer
24 to and including September 29, 1993. On the morning of August 29,
25 Mr. Greene notified my office by letter of his intent to seek that
26 order unless I agreed to stipulate to the requested continuance.
27 Unfortunately, I was on vacation at the time, and by the time the
28 message reached me, Mr. Greene had already appeared and sought the

1 requested continuance. Had I been in my office, I would have
2 stipulated to the continuance requested.

3 6. On September 28, 1993, I received a telephone call from
4 Mr. Greene at approximately 9:30 a.m. Mr. Greene left a message
5 that, because of a migraine headache from which he was suffering, he
6 was unable to prepare the responses of Armstrong and TGAC to the
7 complaint which were due on September 29. Mr. Greene asked me
8 whether I would agree to a short continuance. I informed Mr. Greene
9 that I was unable to agree to that continuance under Local Rule 5.8.
10 When Mr. Greene and I appeared on the afternoon of September 29 on
11 his ex parte application for such an extension, I informed him that
12 I would not object to the continuance and in fact signed a note to
13 that effect, which I understood Mr. Greene would deliver to the
14 Court. Mr. Greene has not yet informed me whether in fact such
15 continuance was granted to him, and I am making the assumption that
16 it has.

17 7. Because the extent of the fraudulent transfers made by
18 Armstrong was unknown, requests for production of documents were
19 served on Armstrong, TGAC and Walton. Those responses are now due
20 on October 4, 1993 with the actual production to take place on
21 October 20. When Mr. Greene and I appeared together on September
22 29, I asked Mr. Greene what his intentions were with respect to
23 those responses. He stated that he would not provide us with those
24 responses if his application for a stay was granted.

25 8. The requests for production seek various documents,
26 including financial records, and are designed to allow plaintiff to
27 determine the extent of the fraudulent transfers by Armstrong and
28 the identity of the transferees.

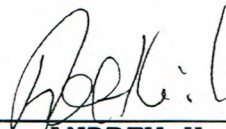
1 9. The prejudice to defendant if the stay is not granted will
2 be very slight. All he will be required to do is to respond to
3 outstanding discovery requests. The prejudice, however, to CSI will
4 be substantial. As explained above, Armstrong has previously
5 testified to transfers without consideration of virtually all his
6 assets. The longer that plaintiff is delayed from discovering the
7 extent of the transfers and the identity of the transferees, the
8 more time will be afforded to defendant Armstrong and those
9 transferees to further transfer properties and/or to obfuscate the
10 transfers which have already occurred.

11 10. I have been informed by Mr. Greene that the basis for his
12 seeking a stay is to permit the court to rule on a motion to
13 "coordinate" this action with the actions currently pending in Los
14 Angeles County. He has further informed me that the grounds for
15 such coordination will be that there are common questions of law and
16 fact which must be decided in these actions. However, there are no
17 such questions. The actions pending in Los Angeles County involve
18 Mr. Armstrong's breach of the settlement agreement, the
19 enforceability of the liquidated damages clause of the Settlement
20 Agreement, the amount of damages for breaches not covered by the
21 liquidated damages clause, and various defenses asserted by Mr.
22 Armstrong. None of those questions are present in this action.
23 This action only involves whether the transfers made by Mr.
24 Armstrong as alleged in the complaint, and those which may be
25 subsequently discovered, should be set aside under Cal. Civ. Code
26 §3439.

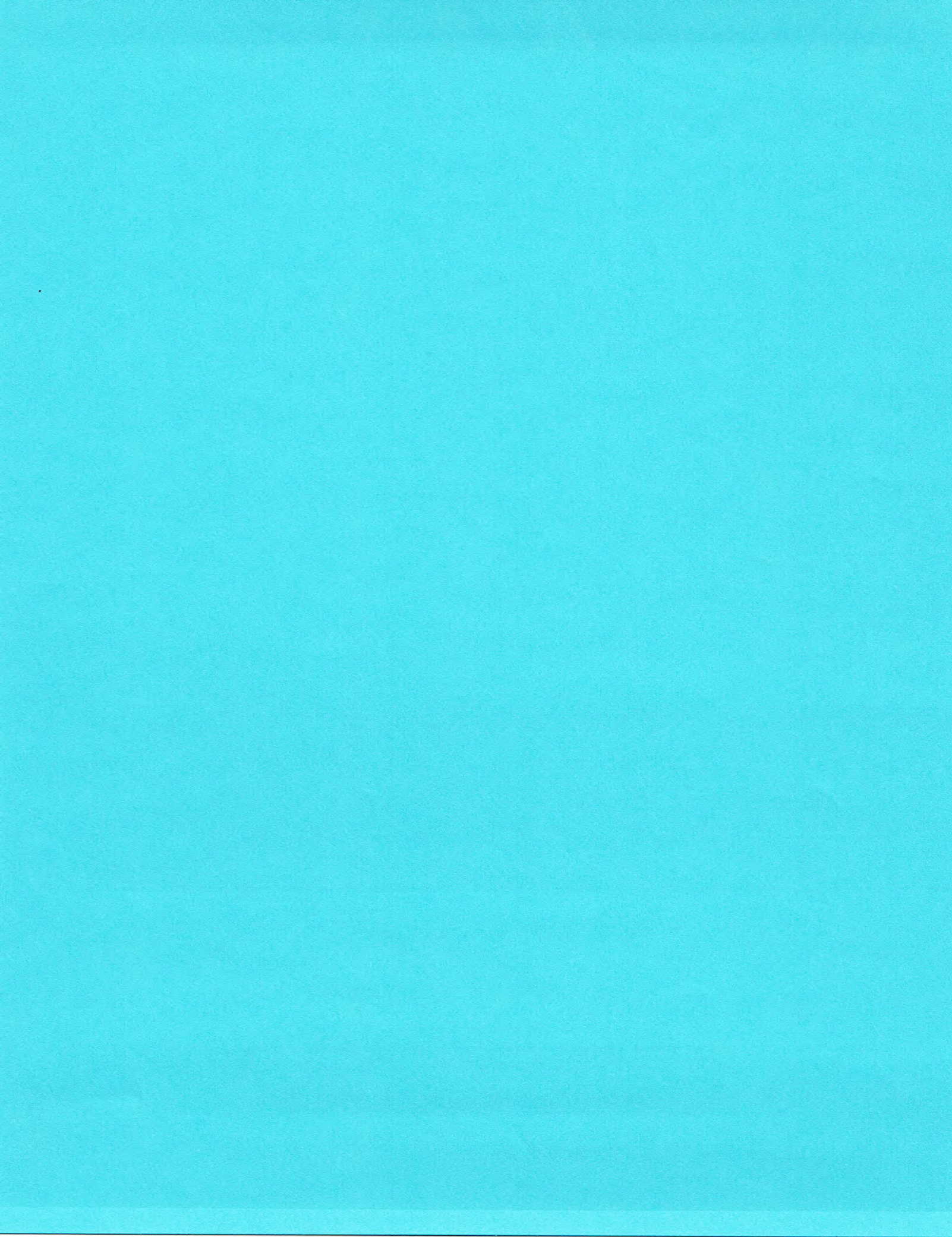
27 11. This application is yet another example of Armstrong's
28 attempt to delay prosecution of this action and to prevent plaintiff

1 from pursuing legitimate discovery to protect its interests. The
2 prejudice to defendant will be slight if the stay is denied; whereas
3 the prejudice to plaintiff will be substantial.

4 I declare under penalty of perjury that the foregoing is true
5 and correct and that this Declaration was executed on October 1,
6 1993 at San Francisco, California.

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9 ANDREW H. WILSON

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SUPERIOR COURT OF CALIFORNIA , COUNTY OF LOS ANGELES

Date: May 28, 1992
 Honorable Ronald M. Schigian, Judge
 1

M. Cervantes, Deputy Clerk
 None (E.R.M.)

BC 052395

(Parties and Counsel checked if present)

Church of Scientology, International

Counsel for
Plaintiff

vs.

Gerald Armstrong, et al.

Counsel for
Defendant

No Appearances

NATURE OF PROCEEDINGS: RULING ON MATTER TAKEN UNDER SUBMISSION ON MAY 27, 1992

In this matter heretofore taken under submission on May 27, 1992, the court now makes the following ruling.

1 Plaintiff's legal remedies are inadequate insofar as the scope of relief ordered below is concerned, but not otherwise. CCP 526(4) and (5).

2 The threatened acts which are restrained by the order referred to below, but only those threatened acts, would do irreparable harm to plaintiff which could not be compensated by monetary damages. CCP 526(2).

3 On the basis of the instant record, there is a reasonable probability that plaintiff will prevail after trial of this case in the respects restrained by this order. CCP 526(1); cf., San Francisco Newspaper Printing Co., Inc. vs. Superior Court (Miller) (1985) 170 Cal. App. 3d 438.

4 Plaintiff is likely to suffer greater injury from denial of the preliminary injunction the terms of which are set out below than the injury which defendant is likely to suffer if it is granted. See Robbins vs. Superior Court (County of Sacramento) (1985) 38 Cal. 3d 199, 206.

5 The granting of a preliminary injunction in the terms set out below will preserve the status quo pending trial.

SUPERIOR COURT OF CALIFORNIA , COUNTY OF LOS ANGELES

Date: May 28, 1992
 Honorable Ronald M. Schigian, Judge
 1a

M. Cervantes, Deputy Clerk
 None (E.R.M.)

BC 052395

(Parties and Counsel checked if present)

Church of Scientology, International

Counsel For
Plaintiff

vs.

Gerald Armstrong, et al.

Counsel For
Defendant

No Appearances

NATURE OF PROCEEDINGS: RULING ON MATTER TAKEN UNDER SUBMISSION ON MAY 27, 1992

6 Application for preliminary injunction is granted in part, in the following respects only.

Defendant Gerald Armstrong, his agents, and persons acting in concert or conspiracy with him (excluding attorneys at law who are not said defendant's agents or retained by him) are restrained and enjoined during the pendency of this suit pending further order of court from doing directly or indirectly any of the following:

Voluntarily assisting any person (not a governmental organ or entity) intending to make, intending to press, intending to arbitrate, or intending to litigate a claim against the persons referred to in sec. 1 of the "Mutual Release of All Claims and Settlement Agreement" of December, 1986 regarding such claim or regarding pressing, arbitrating, or litigating it.

Voluntarily assisting any person (not a governmental organ or entity) arbitrating or litigating a claim against the persons referred to in sec. 1 of the "Mutual Release of All Claims and Settlement Agreement" of December, 1986.

The court does not intend by the foregoing to prohibit defendant Armstrong from: (a) being reasonably available for the service of subpoenas on him; (b) accepting service of subpoenas on him without physical resistance, obstructive tactics, or flight; (c) testifying fully and fairly in response to properly put questions either in deposition, at trial, or in other legal or arbitration proceedings; (d) properly reporting or disclosing to authorities criminal conduct of the persons referred to in sec. 1 of the "Mutual Release of All Claims and Settlement Agreement" of December, 1986; or (e) engaging in gainful employment rendering clerical or paralegal services not contrary to the terms and conditions of this order.

SUPERIOR COURT OF CALIFORNIA , COUNTY OF LOS ANGELES

Date: May 28, 1992
 Honorable Ronald M. Schigian, Judge
 1b

M. Cervantes, Deputy Clerk
 None (E.R.M.)

BC 052395

(Parties and Counsel checked if present)

Church of Scientology, International

Counsel For
Plaintiff

vs.

Gerald Armstrong, et al.

Counsel For
Defendant

No Appearances

NATURE OF PROCEEDINGS: RULING ON MATTER TAKEN UNDER SUBMISSION ON MAY 27, 1992

The application for preliminary injunction is otherwise denied.

7 The restraints referred to in sec. 6, above, will become effective upon plaintiff's posting an undertaking in the sum of \$70,000 pursuant to CCP 529(a) by 12:00 noon on June 5, 1992.

8 The restraints referred to in sec. 6, above, properly balance and accommodate the policies inherent in: (a) the protectable interests of the parties to this suit; (b) the protectable interests of the public at large; (c) the goal of attaining full and impartial justice through legitimate and properly informed civil and criminal judicial proceedings and arbitrations; (d) the gravity of interest involved in what the record demonstrates defendant might communicate in derogation of the contractual language; and (e) the reasonable interpretation of the "Mutual Release of All Claims and Settlement Agreement" of December, 1986. The fair interpretation of all the cases cited by the parties indicates that this is the correct decisional process. The law appropriately favors settlement agreements. Obviously, one limitation on freedom of contract is "public policy"; in determining what the scope of the public policy limitation on the parties' rights to enforcement of their agreement in the specific factual context of this case, the court has weighed the factors referred to in the first sentence of this section. Litigants have a substantial range of contractual freedom, even to the extent of agreeing not to assert or exercise rights which they might otherwise have. The instant record shows that plaintiff was substantially compensated as an aspect of the agreement, and does not persuasively support defendant's claim of duress or that the issues involved in this preliminary injunction proceeding were precluded by any prior decision.

SUPERIOR COURT OF CALIFORNIA , COUNTY OF LOS ANGELES

Date: May 28, 1992
 Honorable Ronald M. Sohigian, Judge
 1c

M. Cervantes, Deputy Clerk
 None (E.R.M.)

BC 052395

(Parties and Counsel checked if present)

Church of Scientology, International

Counsel For
Plaintiff

vs.

Gerald Armstrong, et al.

Counsel For
Defendant

No Appearances

NATURE OF PROCEEDINGS: RULING ON MATTER TAKEN UNDER SUBMISSION ON MAY 27, 1992

9 The court does not dispositively decide the underlying merits of the case except for this preliminary determination. CCP 526(1); Baypoint Mortgage Corp. vs. Crest Premium Real Estate etc. Trust (1985) 168 Cal. App. 3d 818, 823.

10 Plaintiff is ordered give written notice by mail by June 5, 1992, including in that written notice a statement regarding whether plaintiff has or has not posted the undertaking referred to in sec. 7, above, and attaching to that written notice evidence showing that the undertaking has been posted if that is the fact.

DATED: May 28, 1992.

RONALD M. SOHIGIAN

RONALD M. SOHIGIAN
 Judge of the Superior Court

A copy of this minute order is sent to counsel via United States mail this date.